



San Diego's 2008-9 Economic Outlook

**Marney Cox
Chief Economist
SANDAG**

Is the Nation In A Recession?

*Why economists have been
evenly split over this question*



National Recession Talley Sheet

Yes Indicators

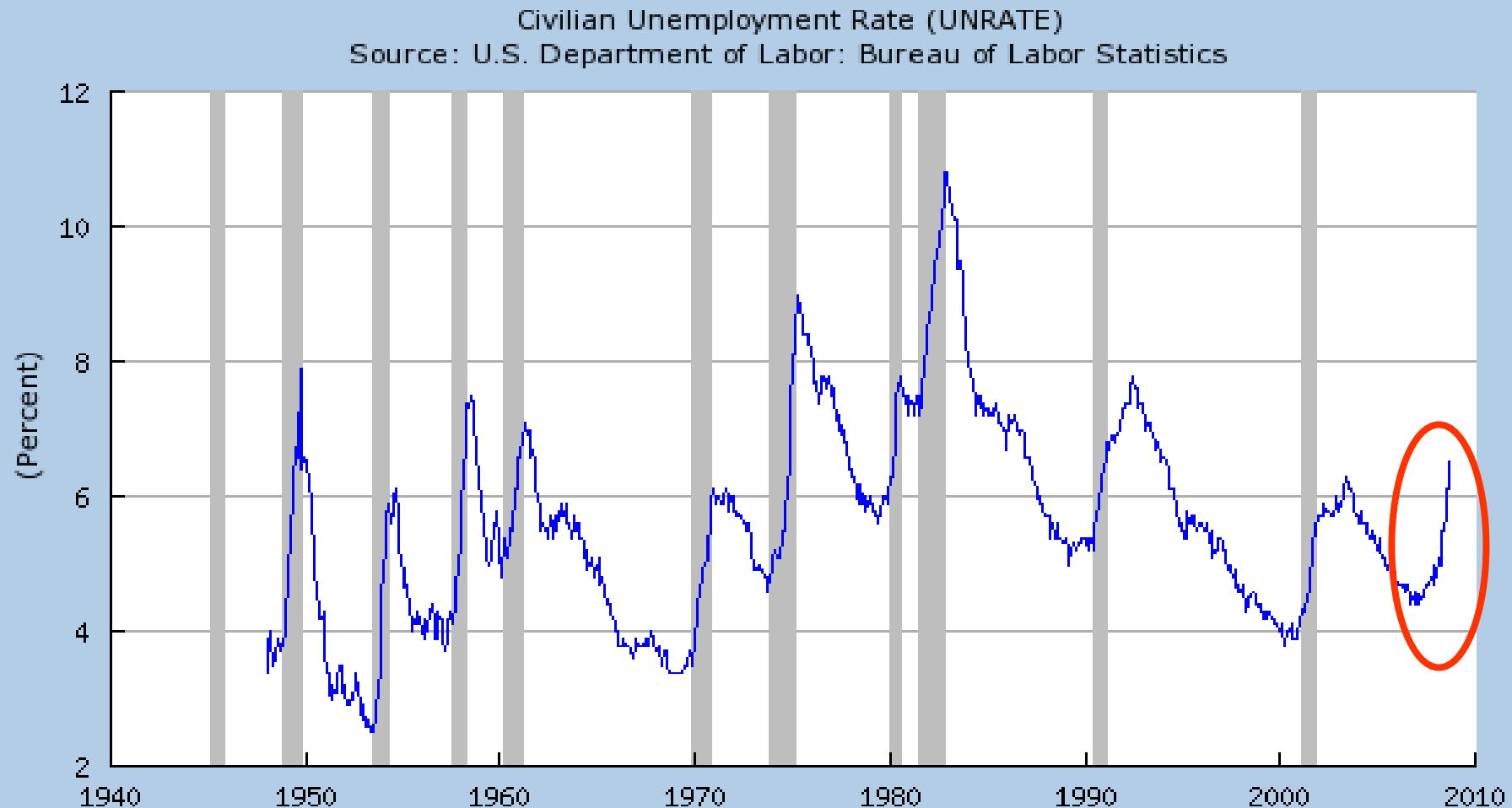
- Slow GDP Growth
- Declining Employment
- Rising Unemployment
- Credit Crises
- Rising Inflation
- Slow Wage Growth
- Low Consumer Confidence
- Housing Slump

No Indicators

- Unemployment rate
- Manufacturing jobs

US Unemployment Rate

("R" Requires significant and rapid rise in "U")

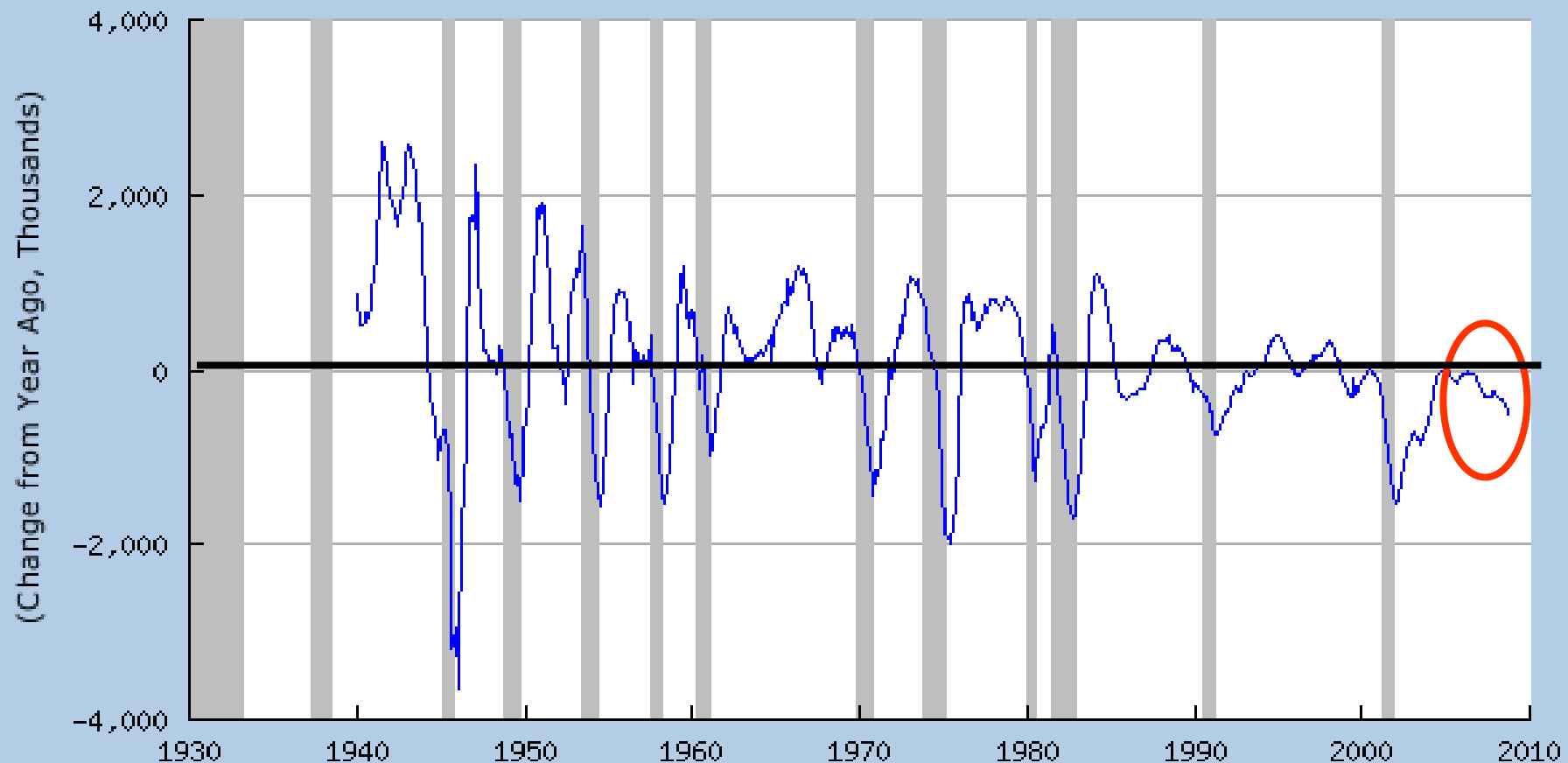


Shaded areas indicate US recessions as determined by the NBER.
2008 Federal Reserve Bank of St. Louis: research.stlouisfed.org

US Manufacturing Jobs

(“R” requires significant and rapid fall in “MJ”)

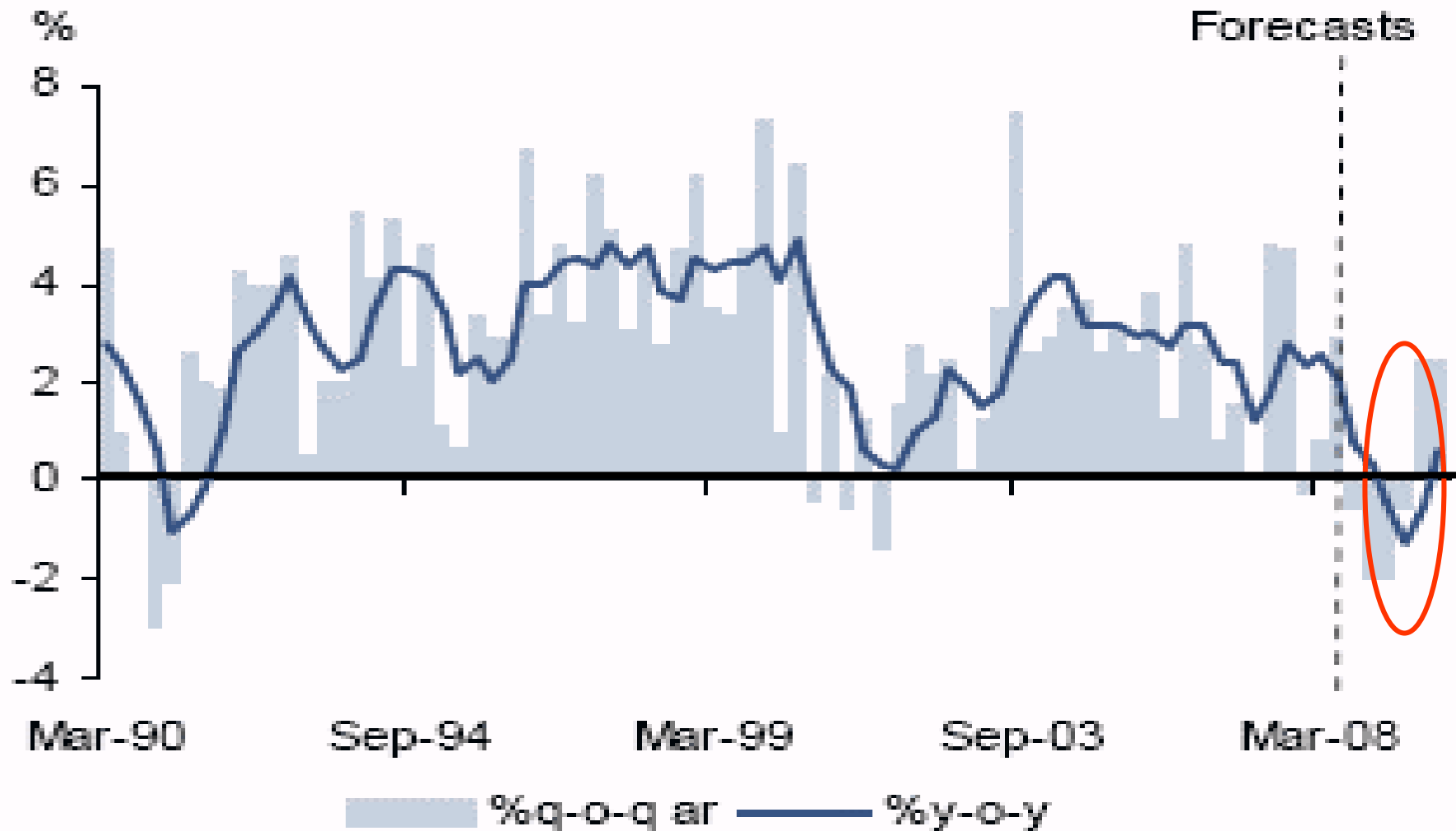
Employees on Nonfarm Payrolls: Manufacturing (MANEMP)
Source: U.S. Department of Labor: Bureau of Labor Statistics



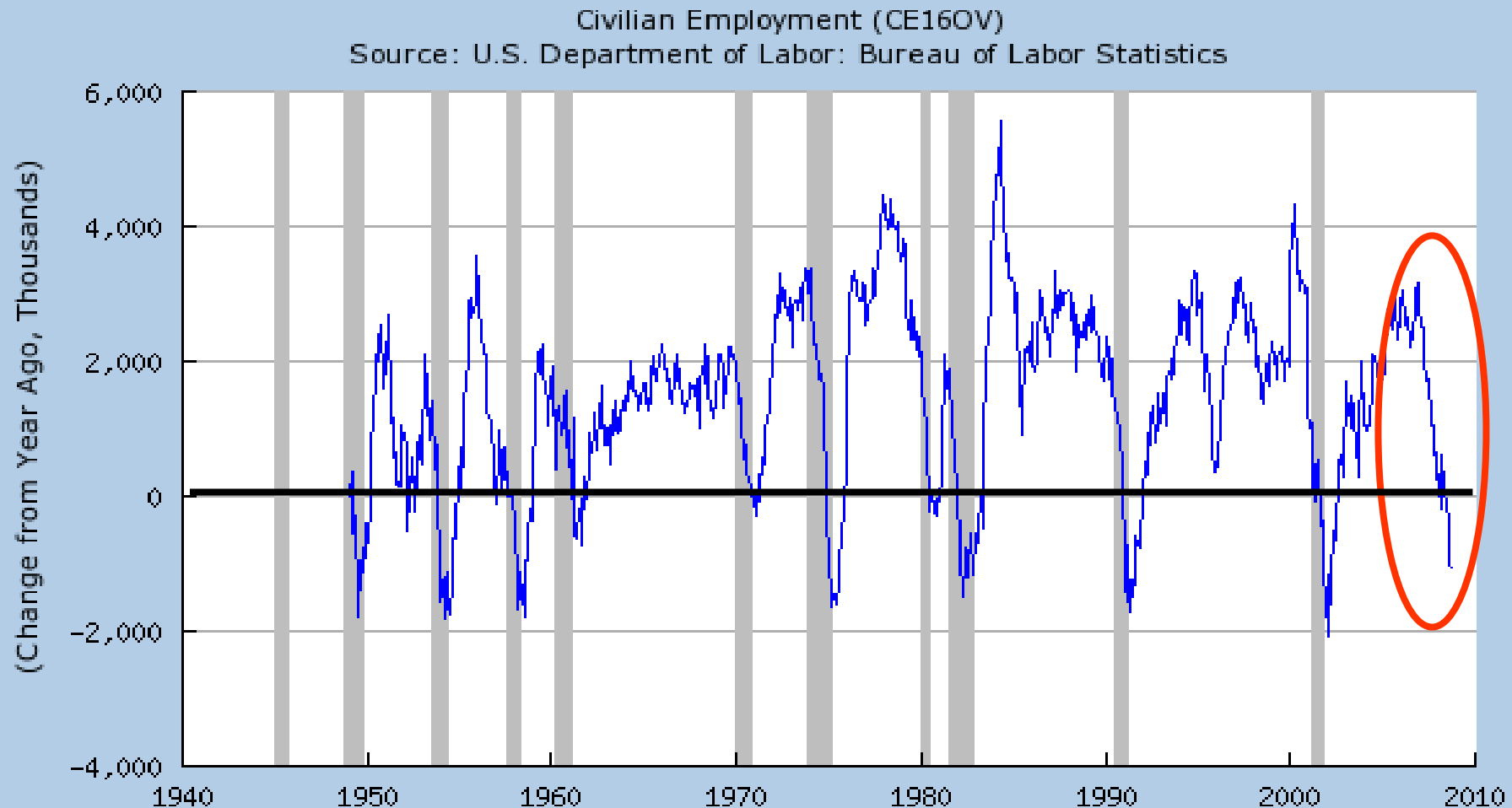
Shaded areas indicate US recessions as determined by the NBER.
2008 Federal Reserve Bank of St. Louis: research.stlouisfed.org

US GDP Consensus Forecast

("R" 08/3Q – 09/2Q)



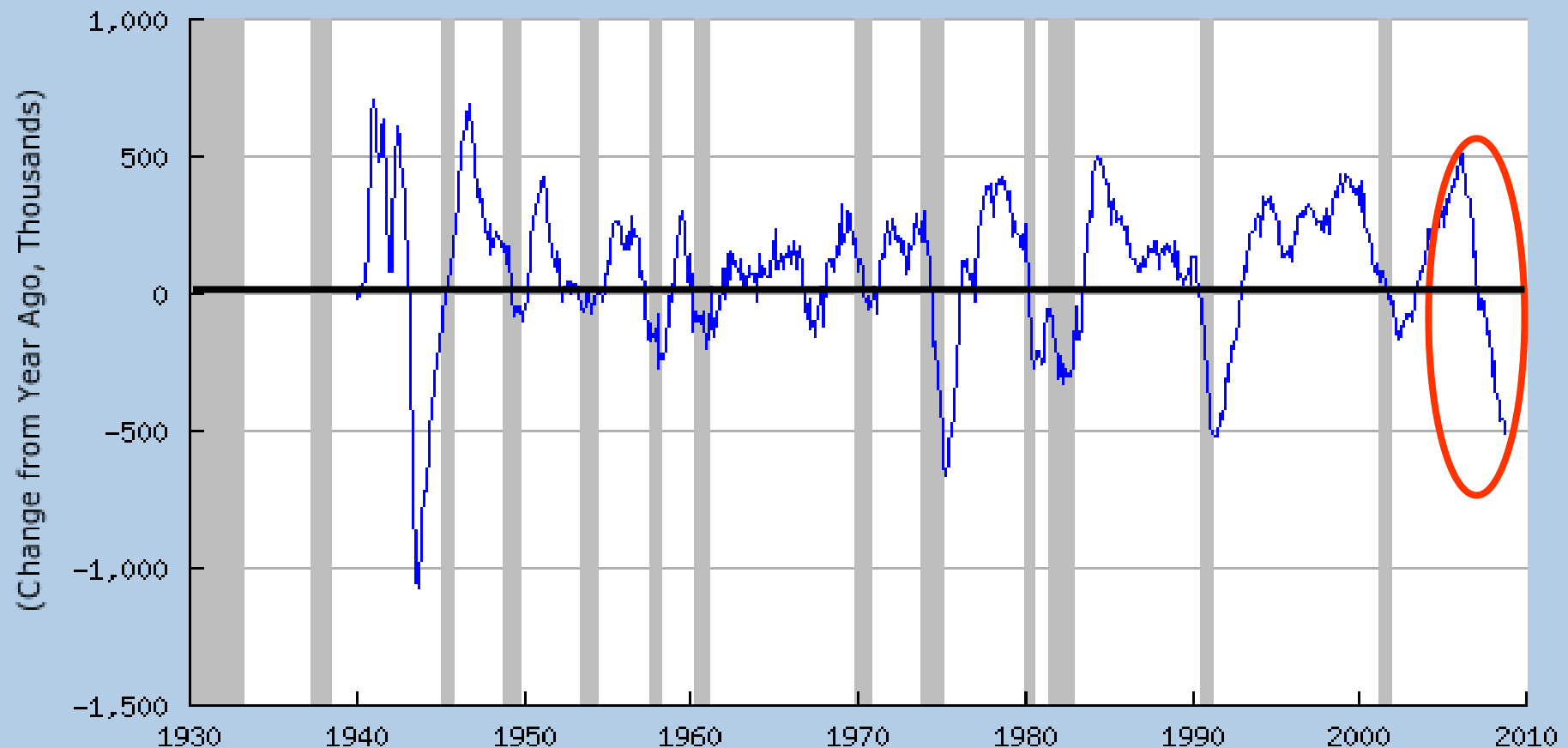
US Civilian Employment (Y-O-Y Change)



Shaded areas indicate US recessions as determined by the NBER.
2008 Federal Reserve Bank of St. Louis: research.stlouisfed.org

US Jobs-Construction (Y-O-Y Change)

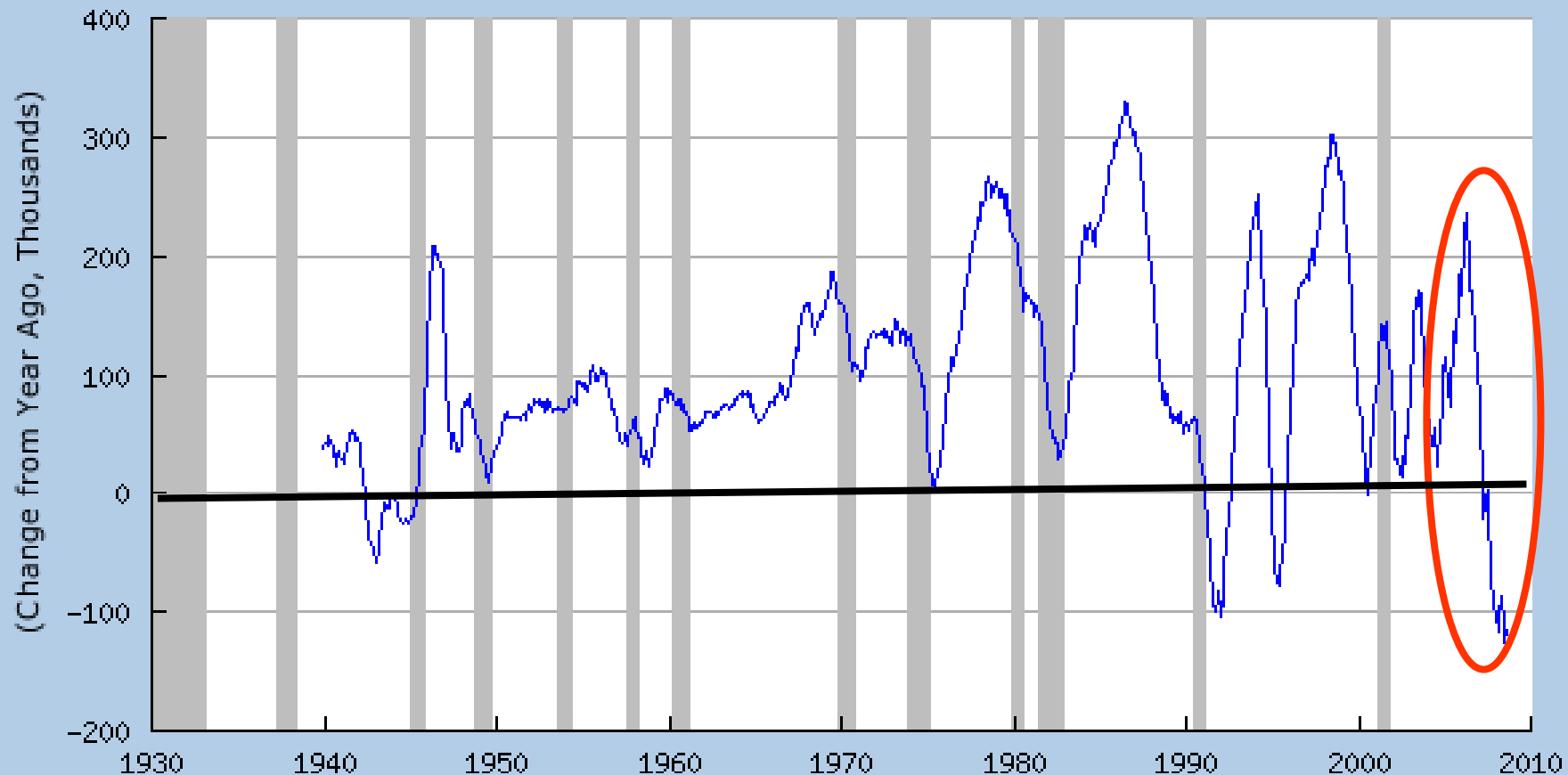
All Employees: Construction (USCONS)
Source: U.S. Department of Labor: Bureau of Labor Statistics



Shaded areas indicate US recessions as determined by the NBER.
2008 Federal Reserve Bank of St. Louis: research.stlouisfed.org

US Jobs-Financial Activities (Y-O-Y Change)

All Employees: Financial Activities (USFIRE)
Source: U.S. Department of Labor: Bureau of Labor Statistics

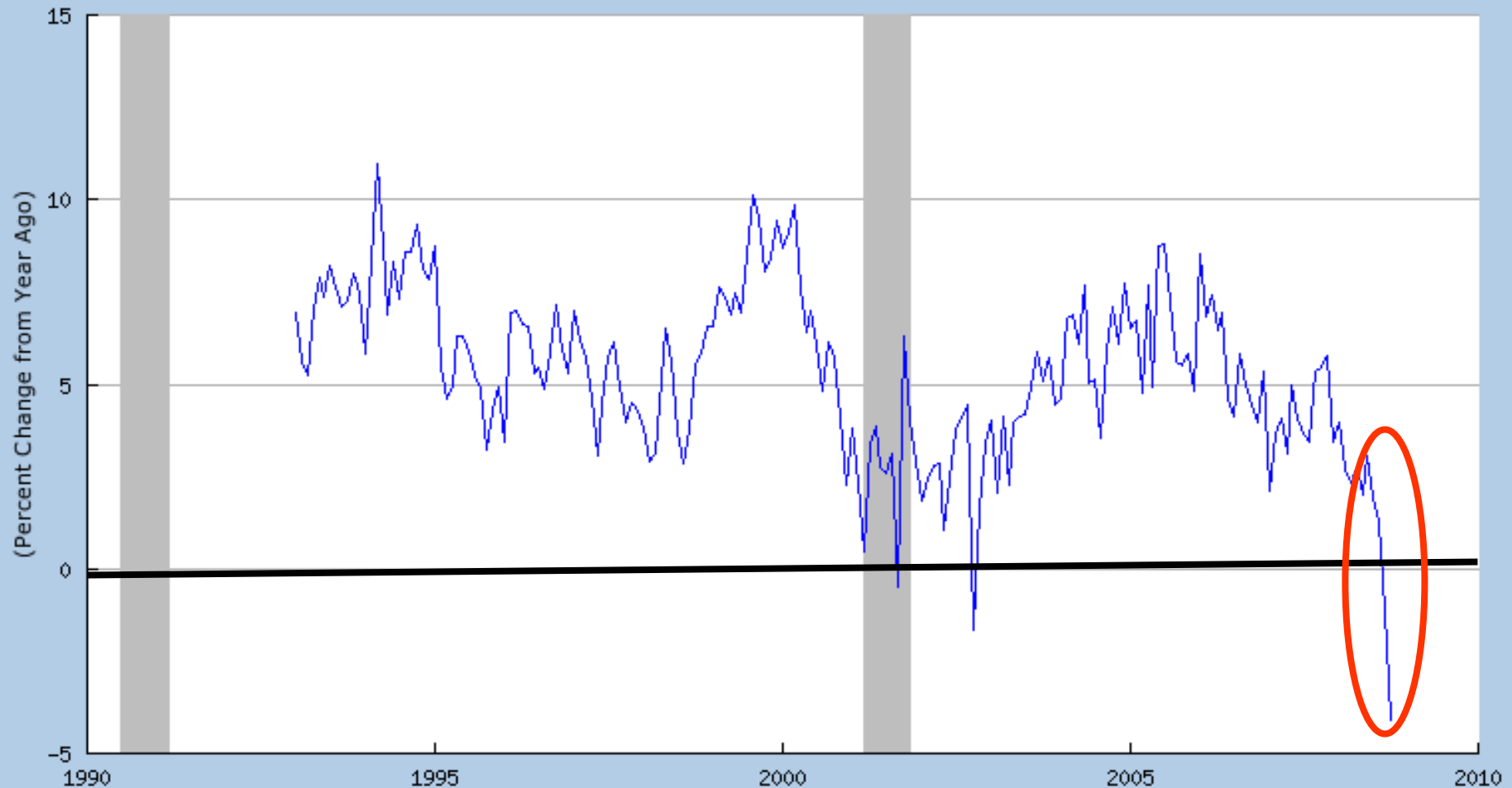


Shaded areas indicate US recessions as determined by the NBER.
2008 Federal Reserve Bank of St. Louis: research.stlouisfed.org

US-Declining Retail Sales

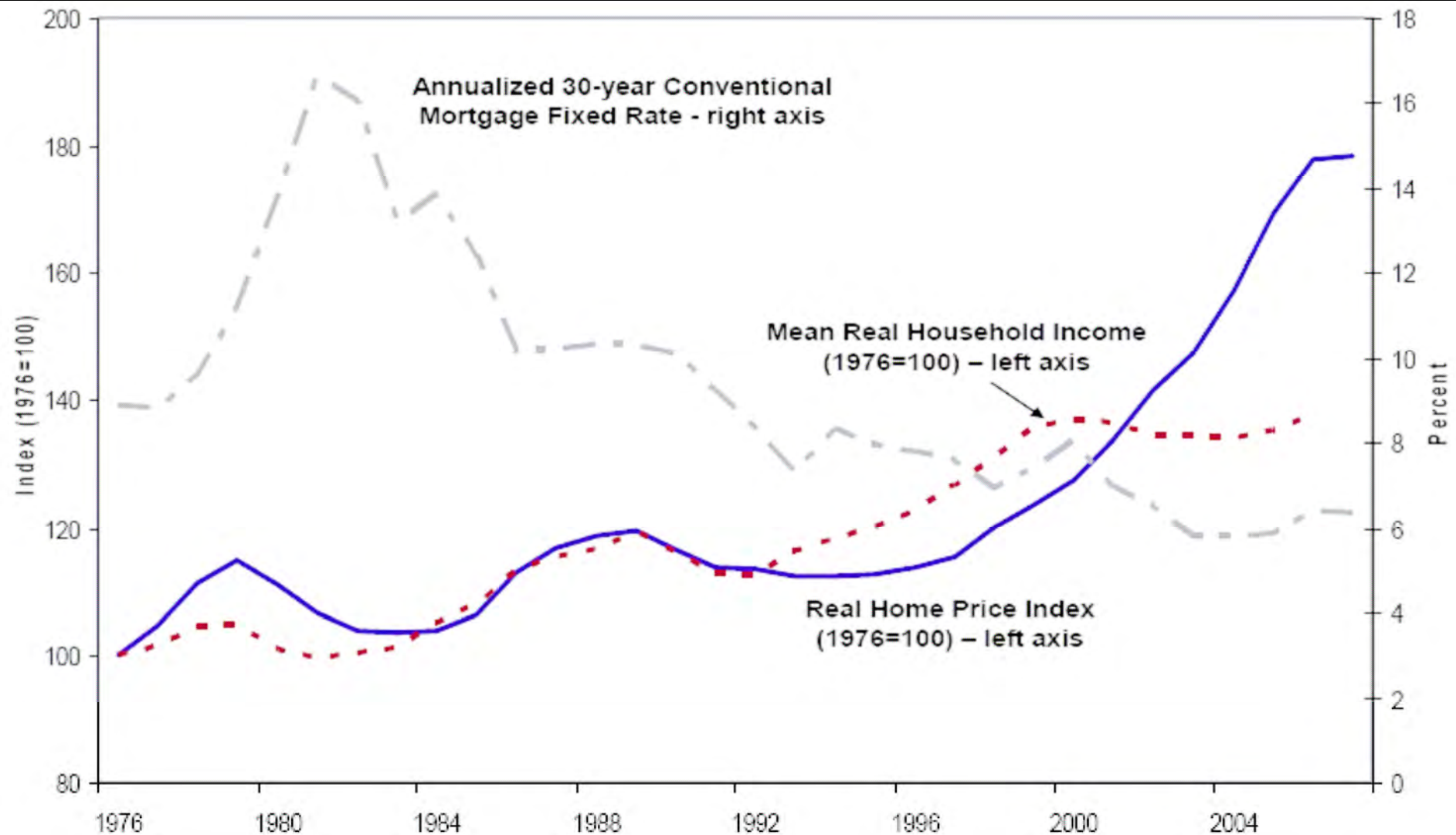
(Y-O-Y Percent Change, by Month, SA)

Retail and Food Services Sales (RSAFS)
Source: U.S. Department of Commerce: Census Bureau



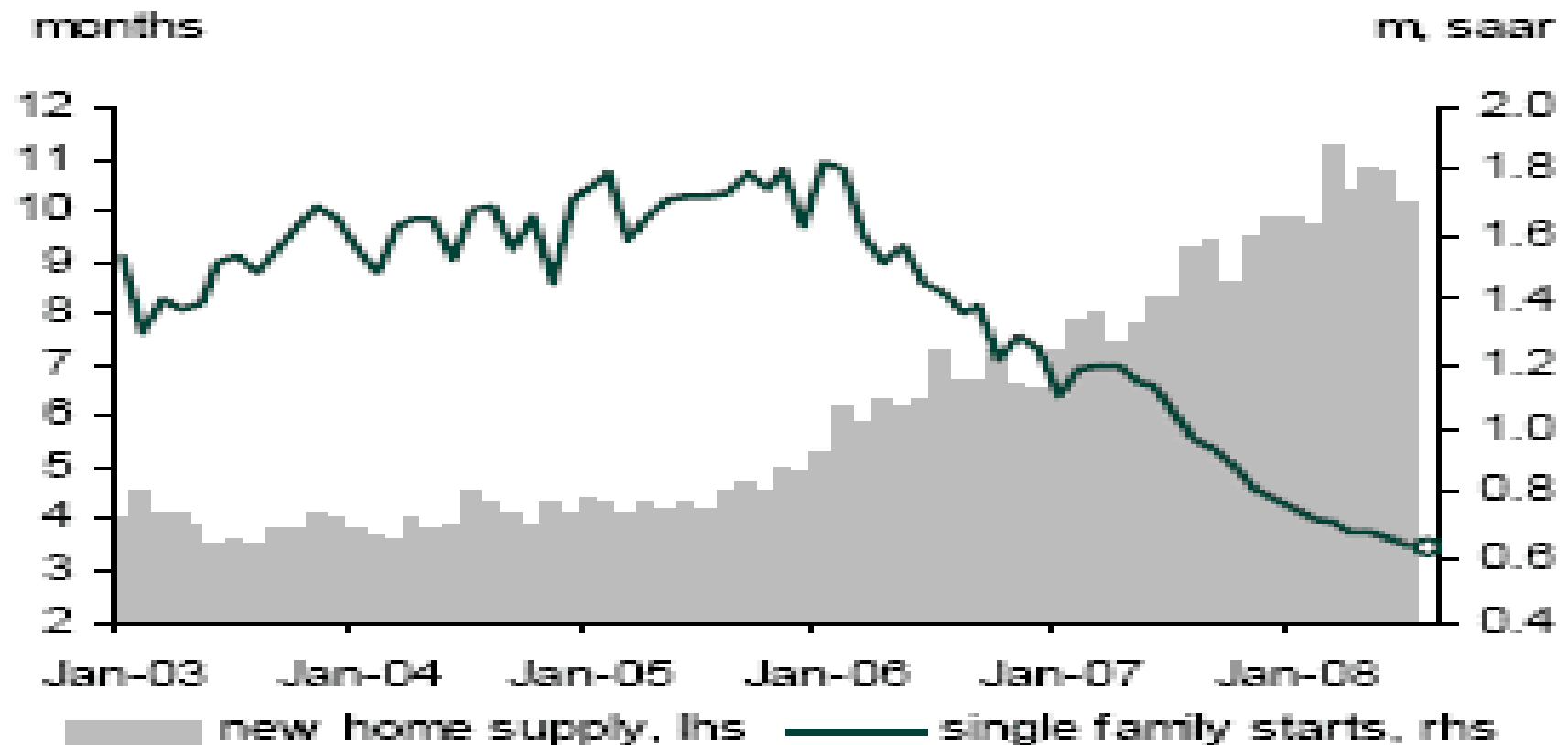
Shaded areas indicate US recessions as determined by the NBER.
2008 Federal Reserve Bank of St. Louis: research.stlouisfed.org

US-Asset Price Bubble in Housing



US-Overhang in Housing Market

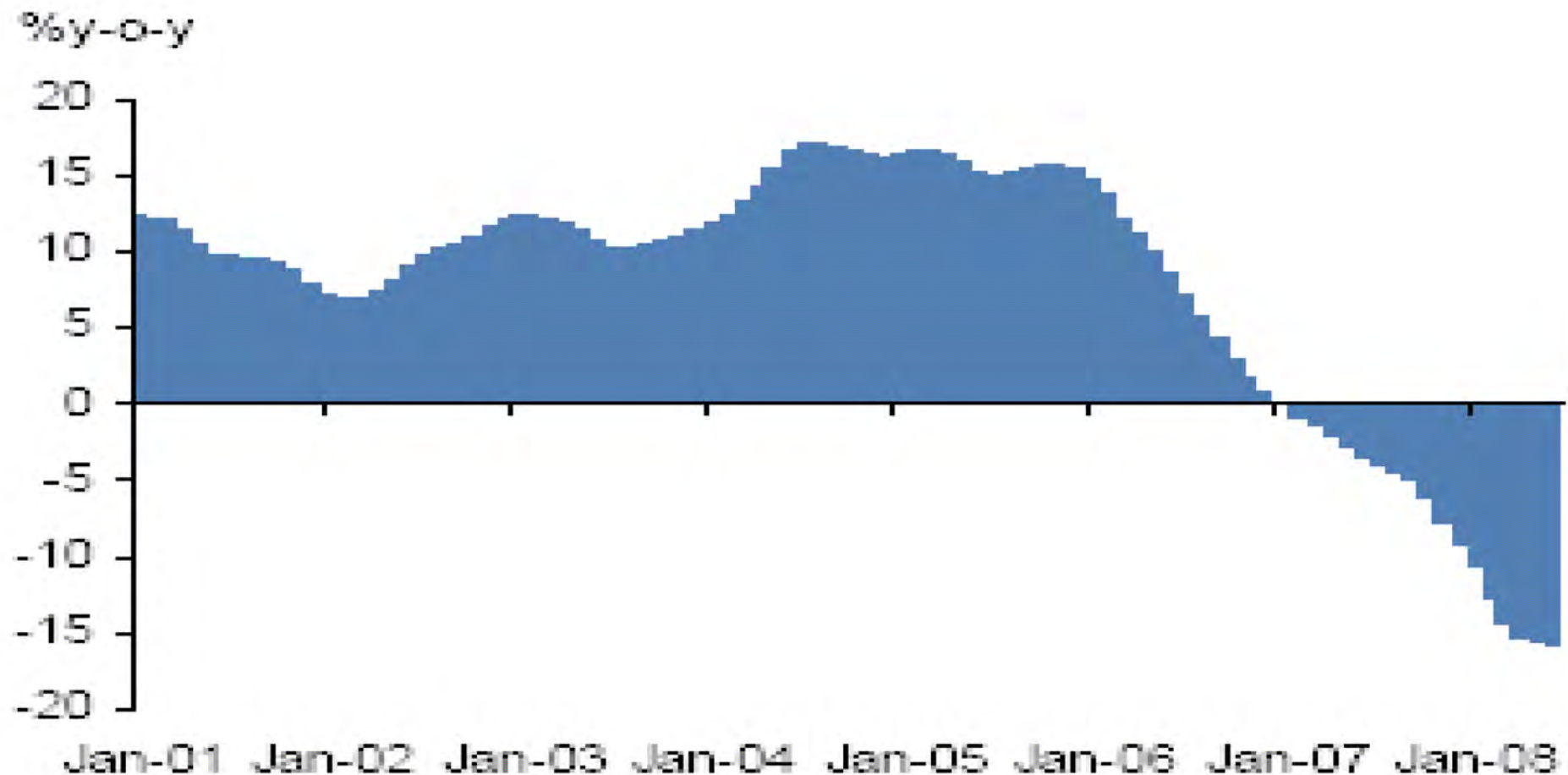
Housing starts and supply of new homes



Source: Census Bureau,

US-Falling Home Prices

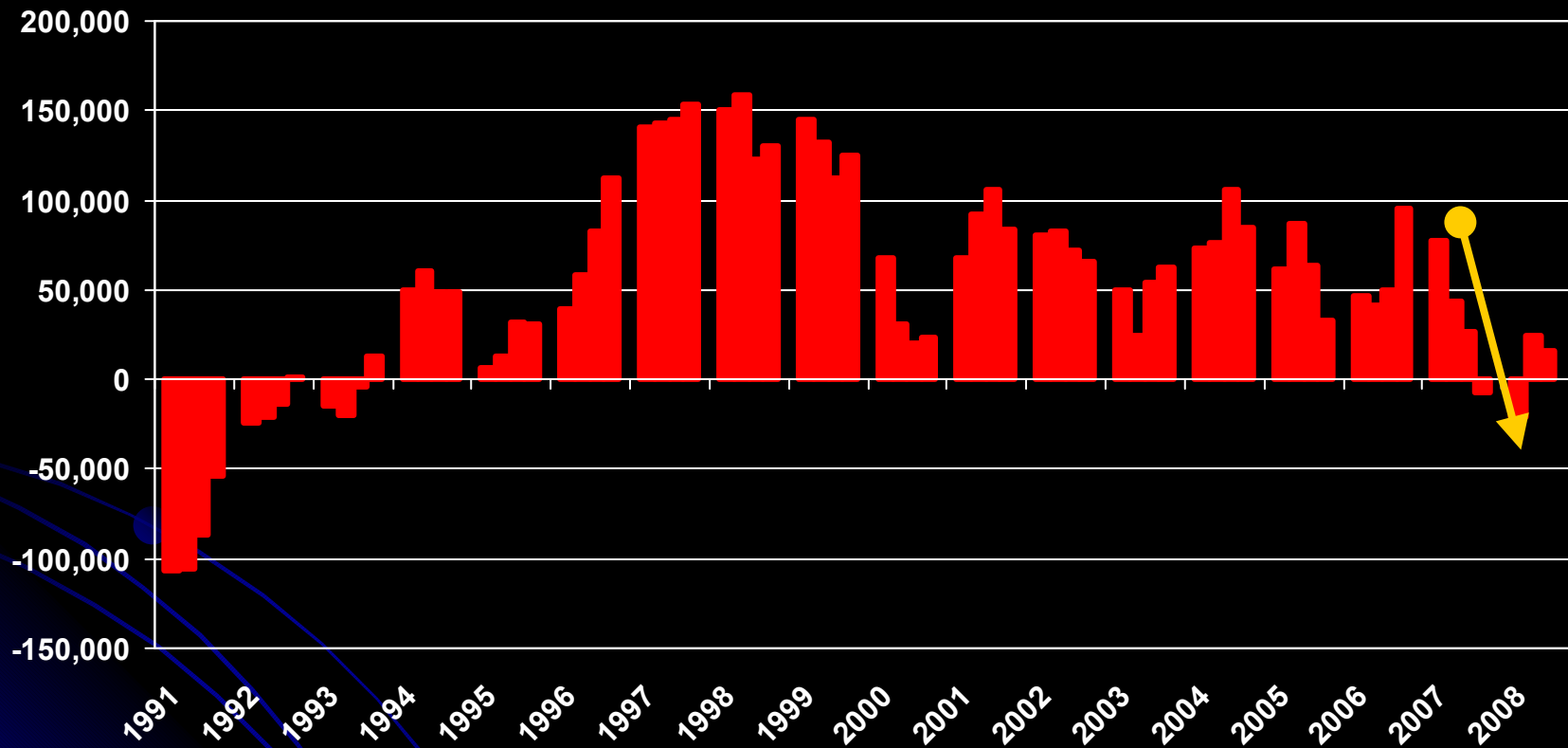
(Case-Shiller Index)



Source: S&P/Case-Shiller.

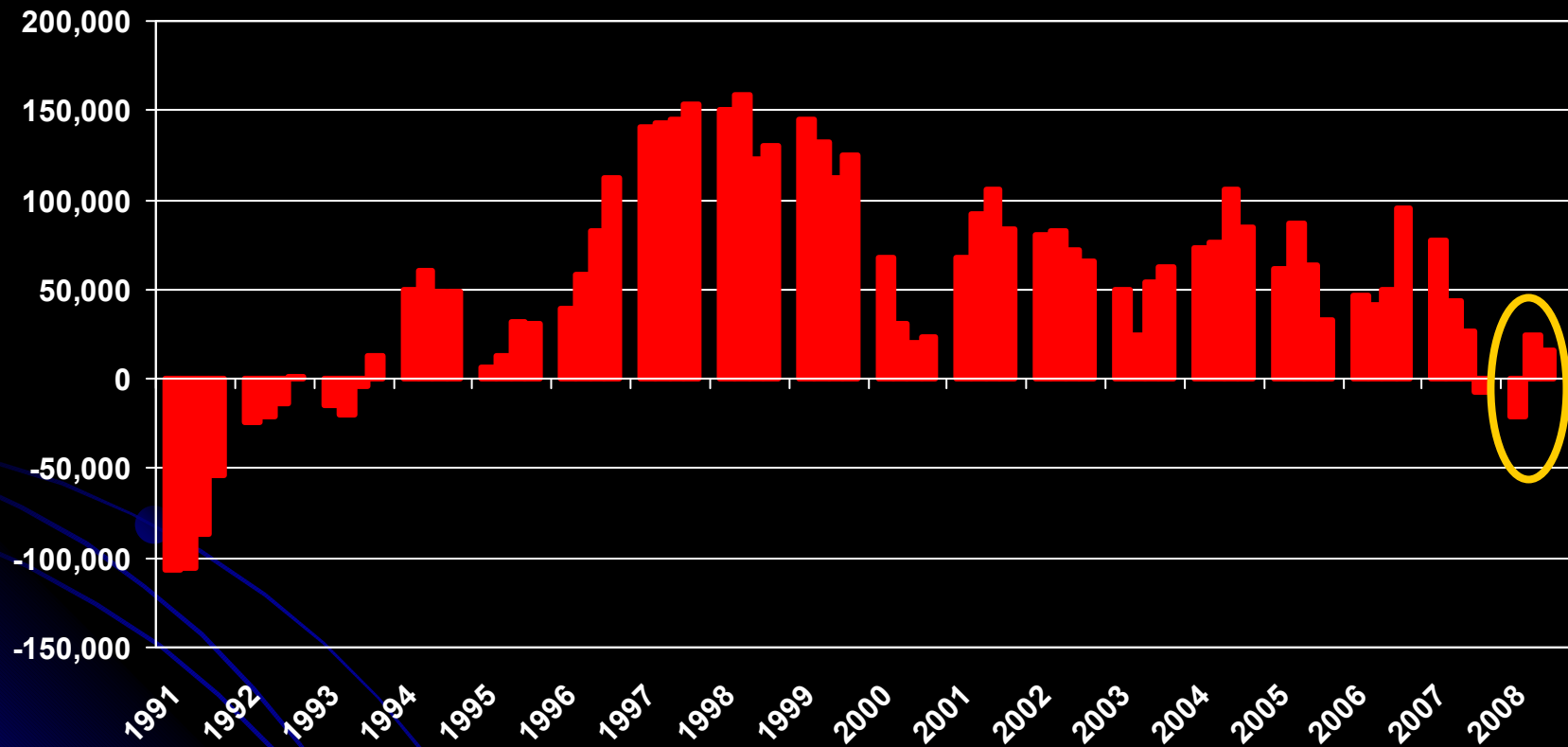
SD Most Job Losses 2007 & Early 2008

Total Employment Change Y-O-Y by Quarter



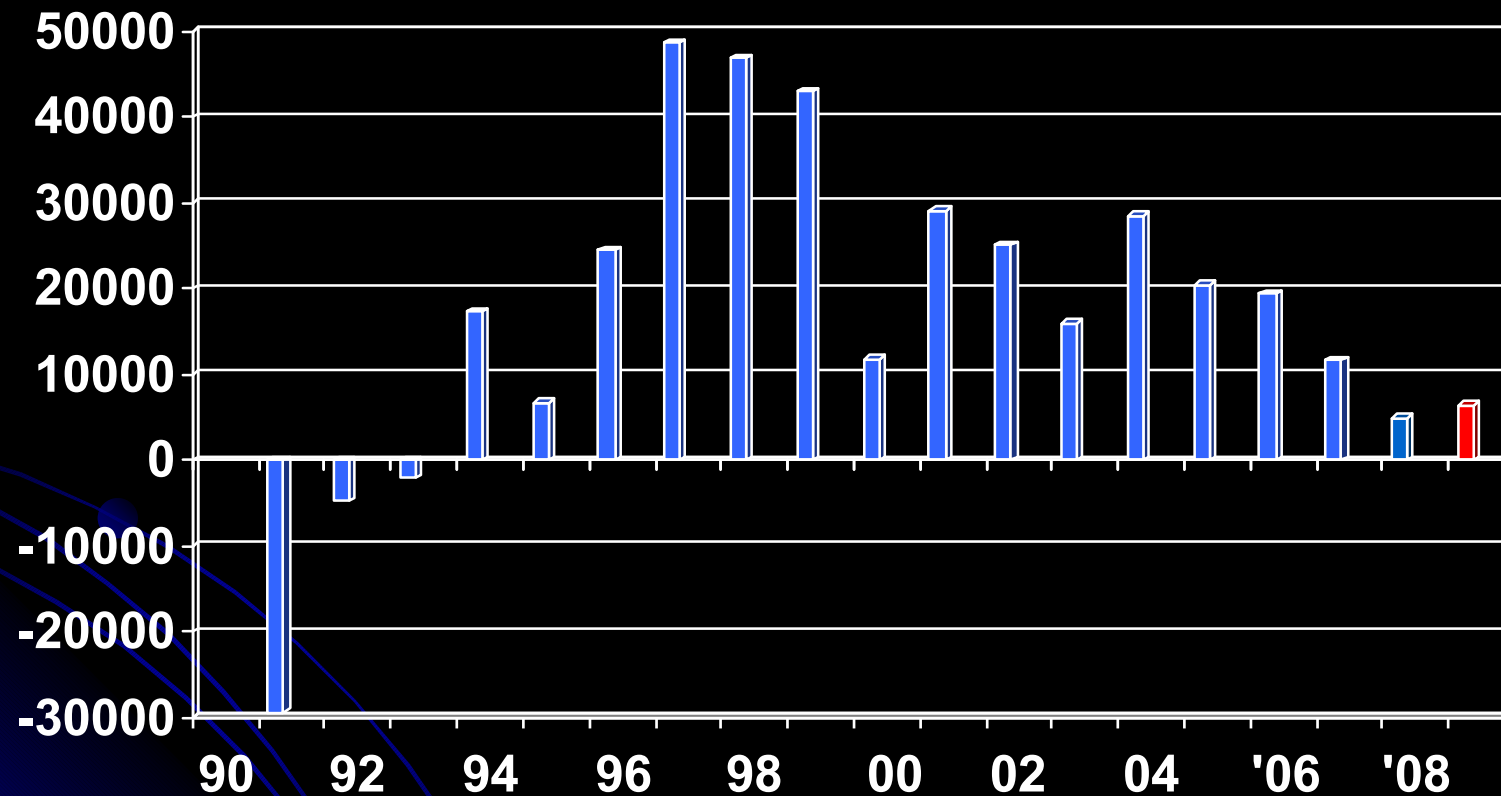
SD Job Gains 2nd & 3rd Q 2008

Total Employment Change Y-O-Y by Quarter



SD Outlook-2009 Slow Job Growth

Total Employment



SD Outlook-2009 Jobs Talley Sheet

Pluses

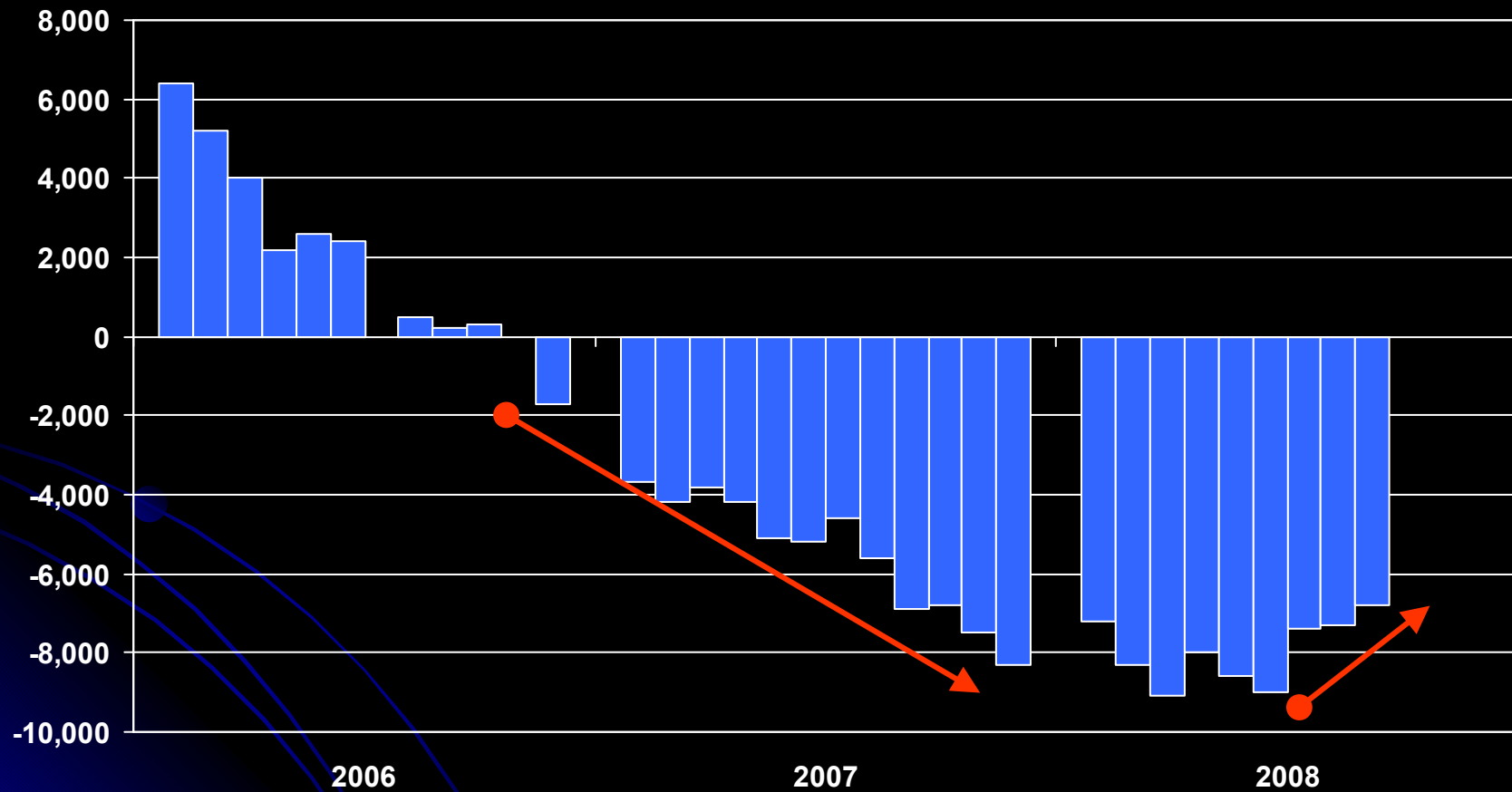
- Defense
- Visitor Industry
- Health Services

Minuses

- Retail Services
- High-Tech Clusters
- Financial Services
- Construction Industry
- Agriculture

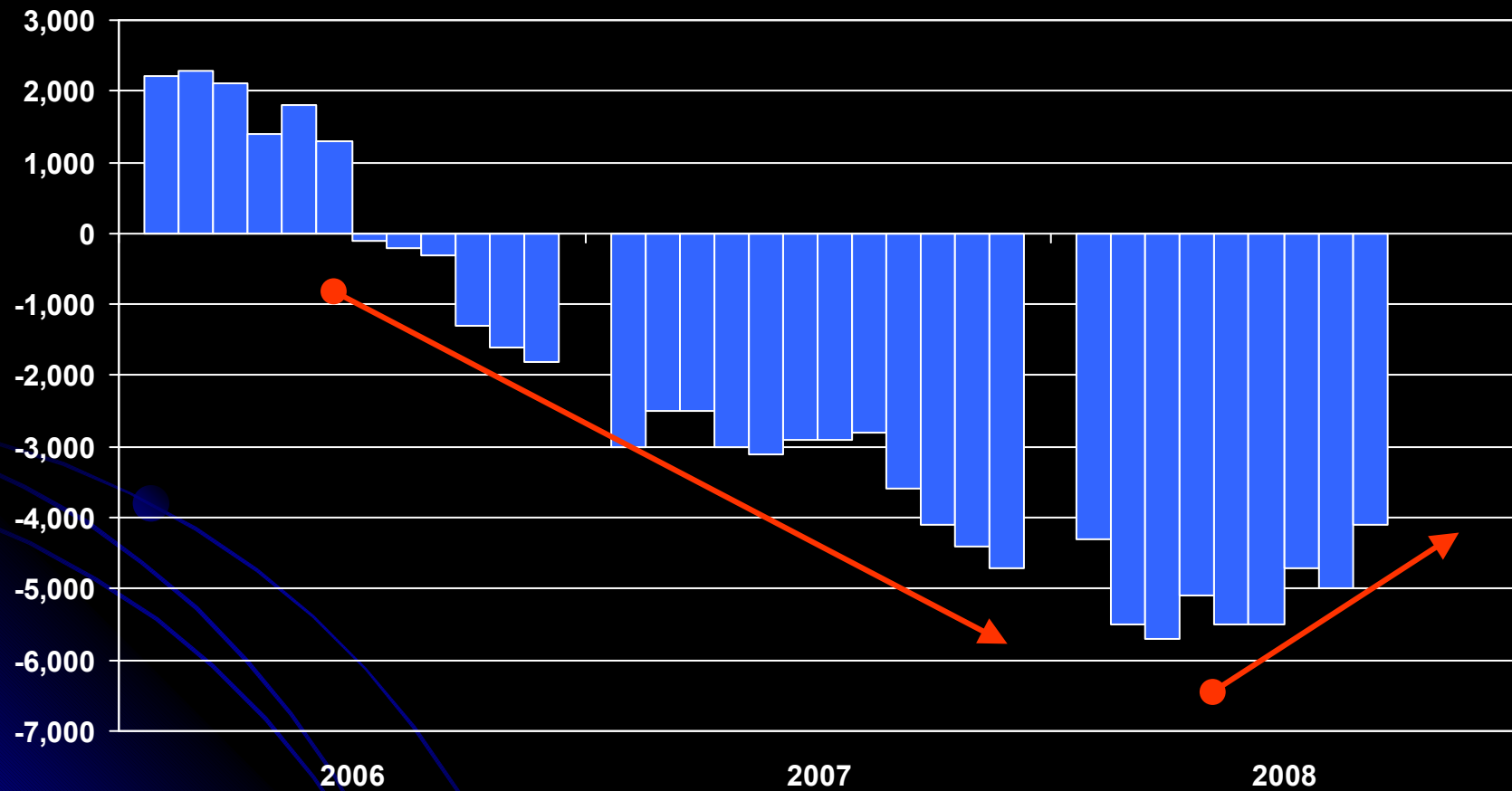
SD Construction Jobs Stabilizing

Employment Change Y-O-Y by Month



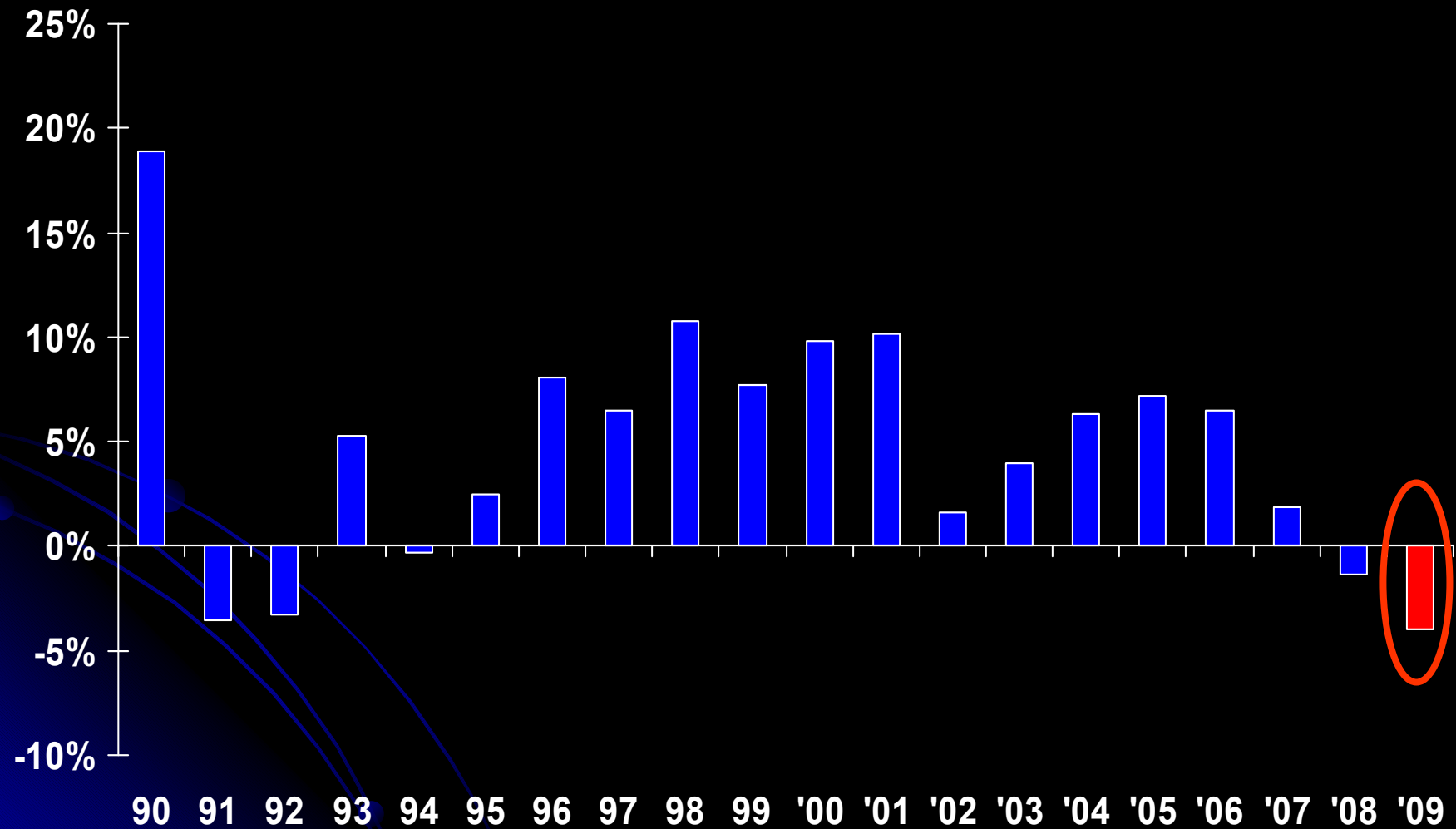
SD Financial Activity Jobs Stabilizing

Employment Change Y-O-Y by Month



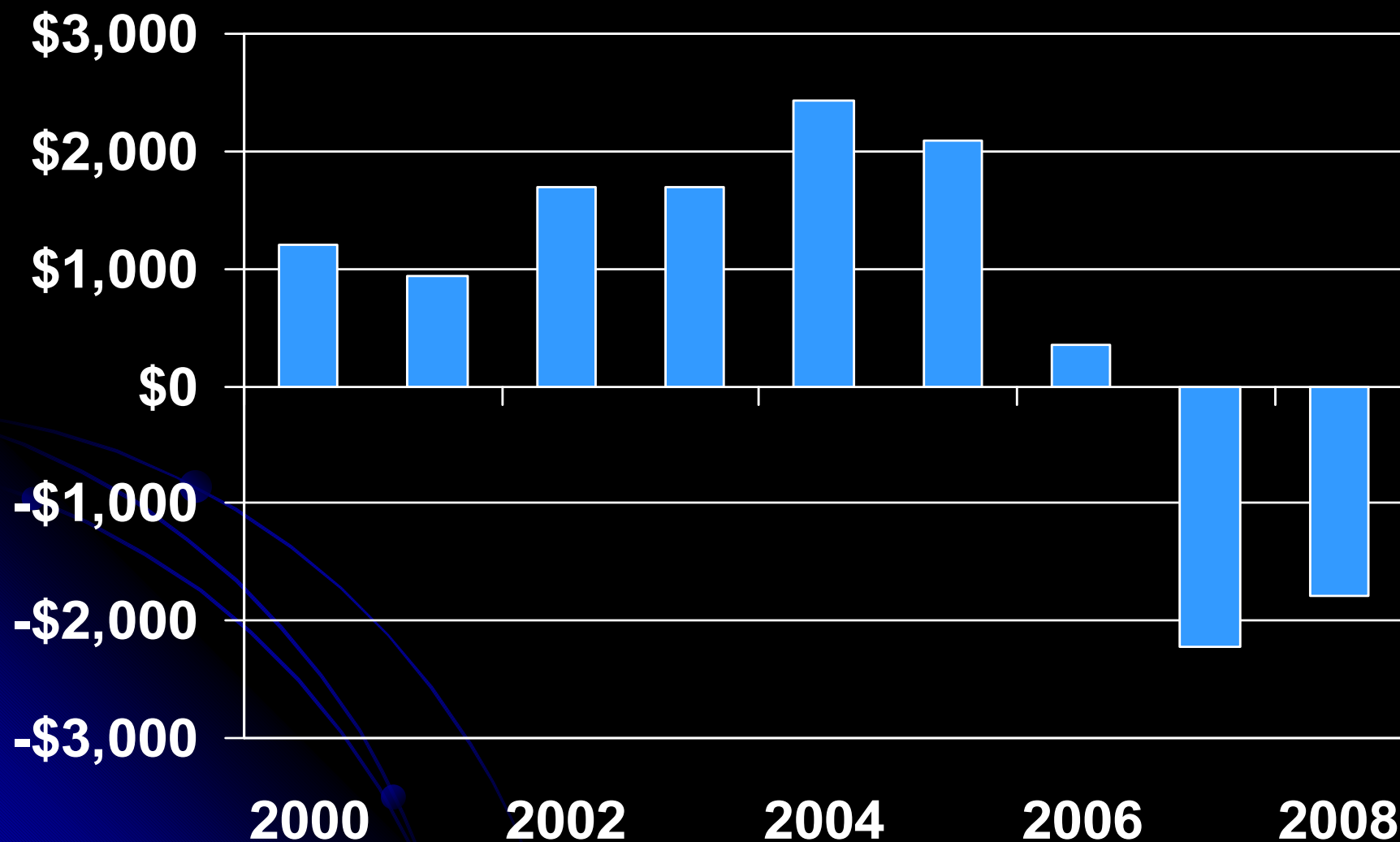
SD Outlook-Decline in Sales Tax Revenue

(Y-O-Y Percent Change in TransNet Receipts)



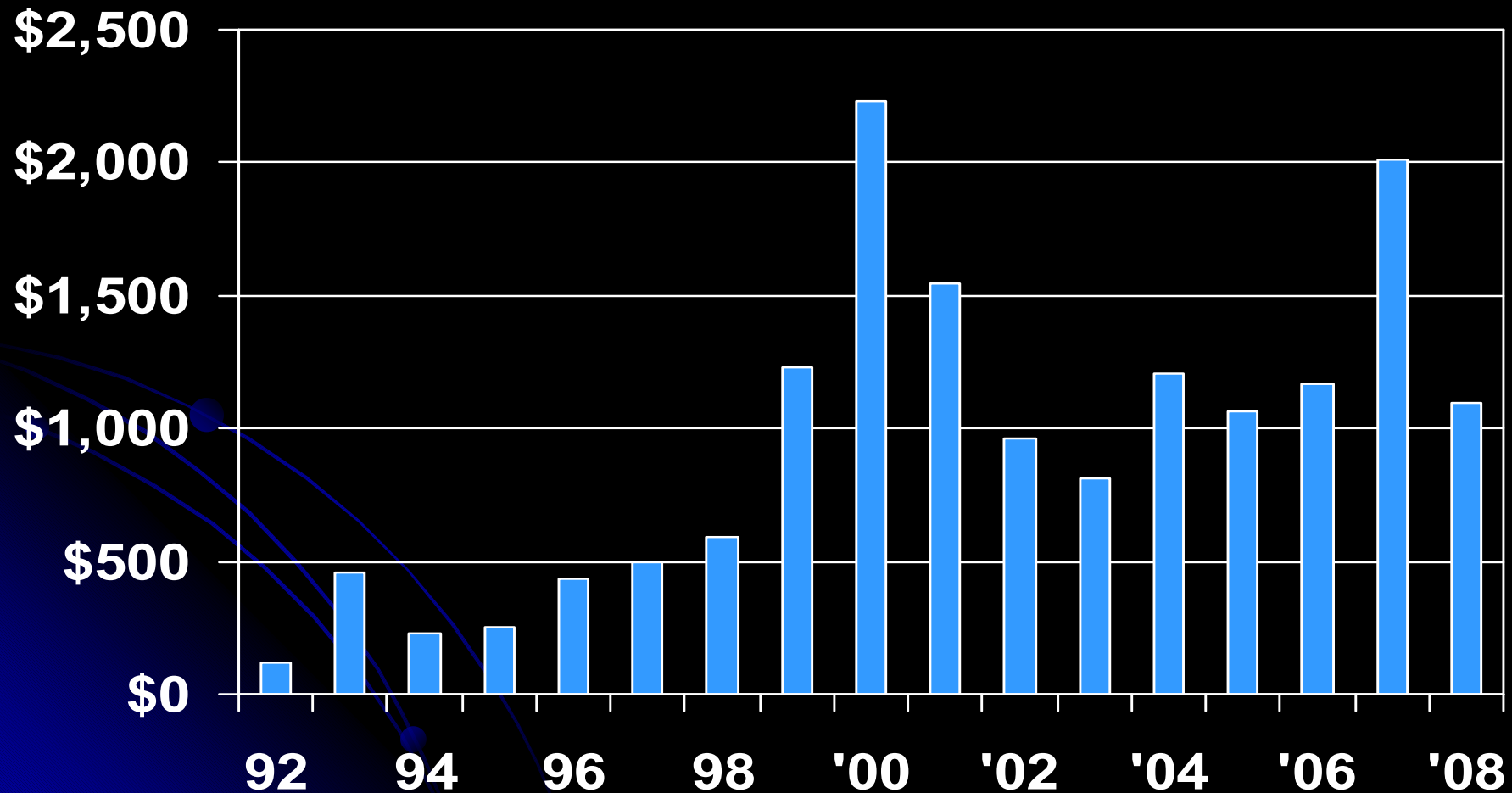
SD Housing Value Wealth Effect

(millions of dollars, impact on consumer expenditures)



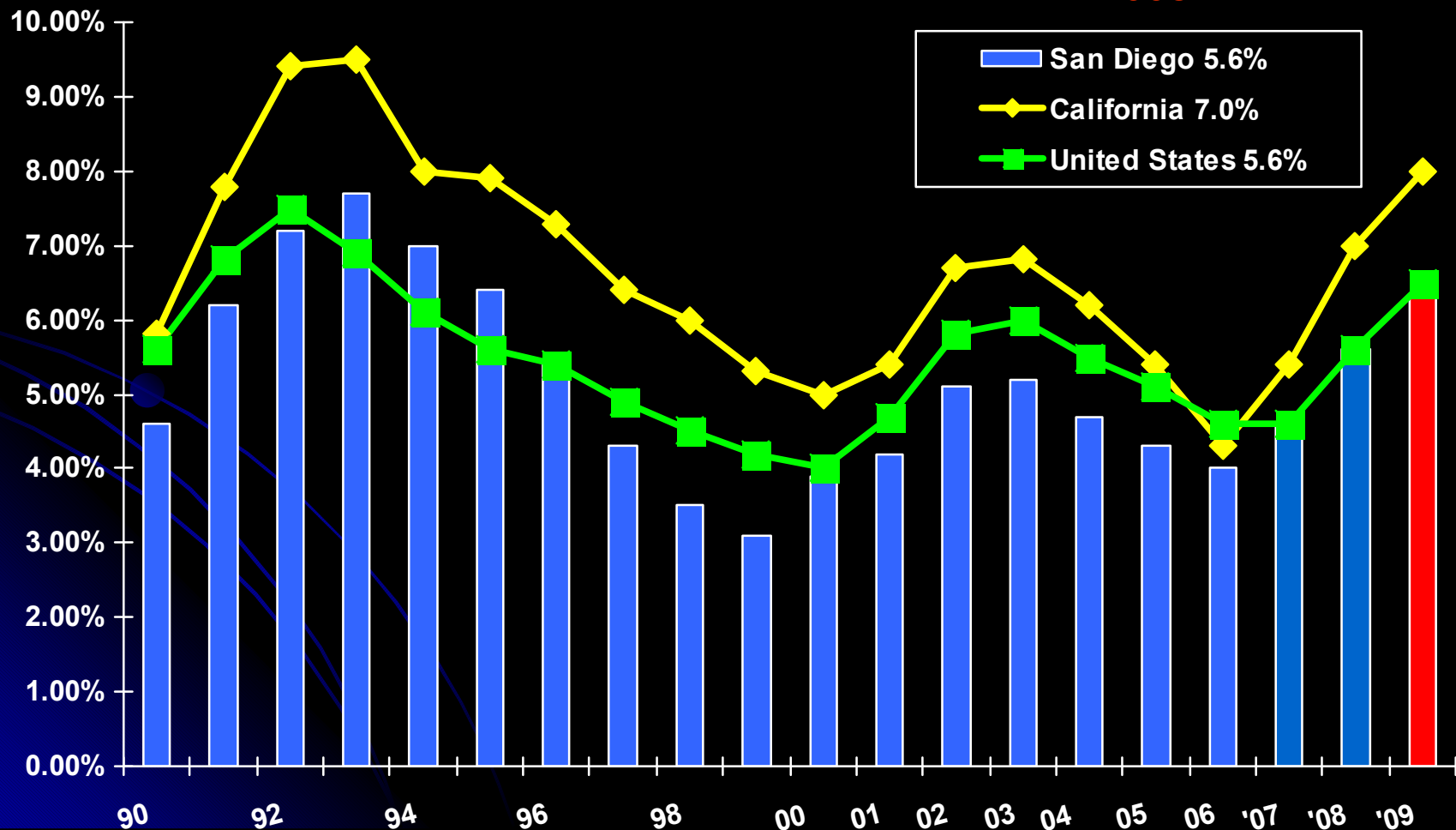
SD Less Support for High-Tech Jobs

(Venture Capital Expenditures, Millions of Dollars)



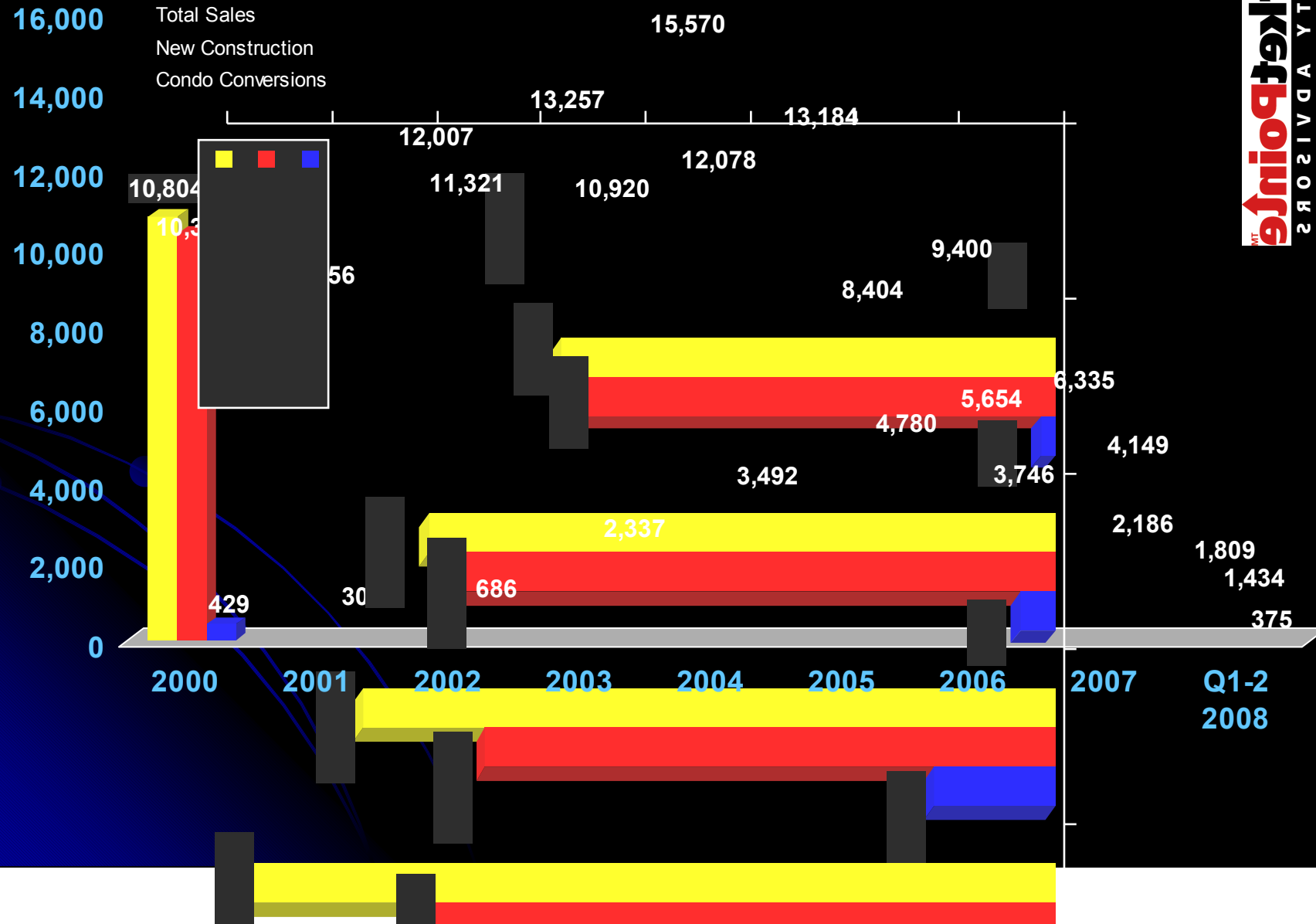
SD Outlook-Rising Unemployment Rate

2008



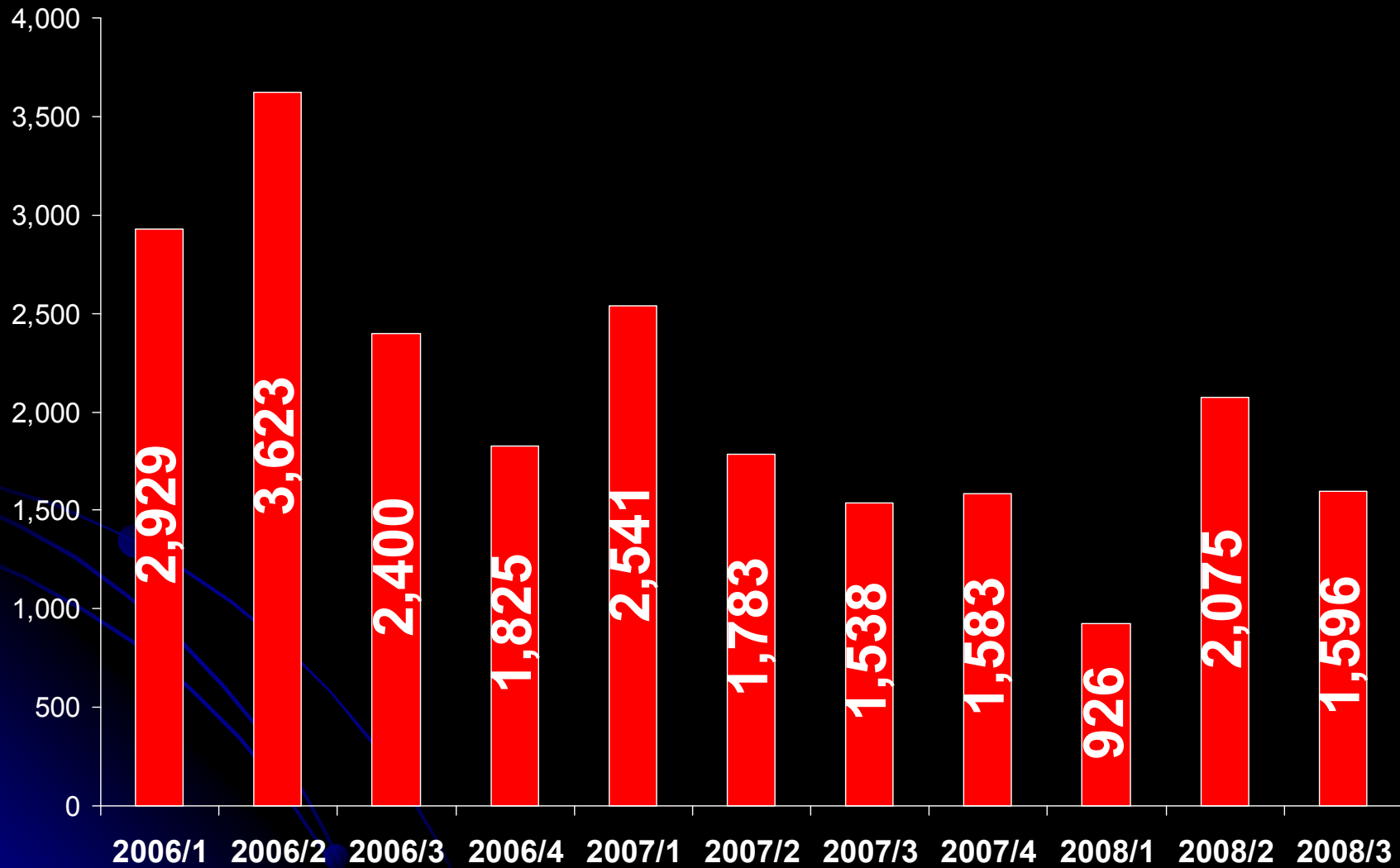
SD New Home Sales Declining

REALLY ADVISORS
Marketed

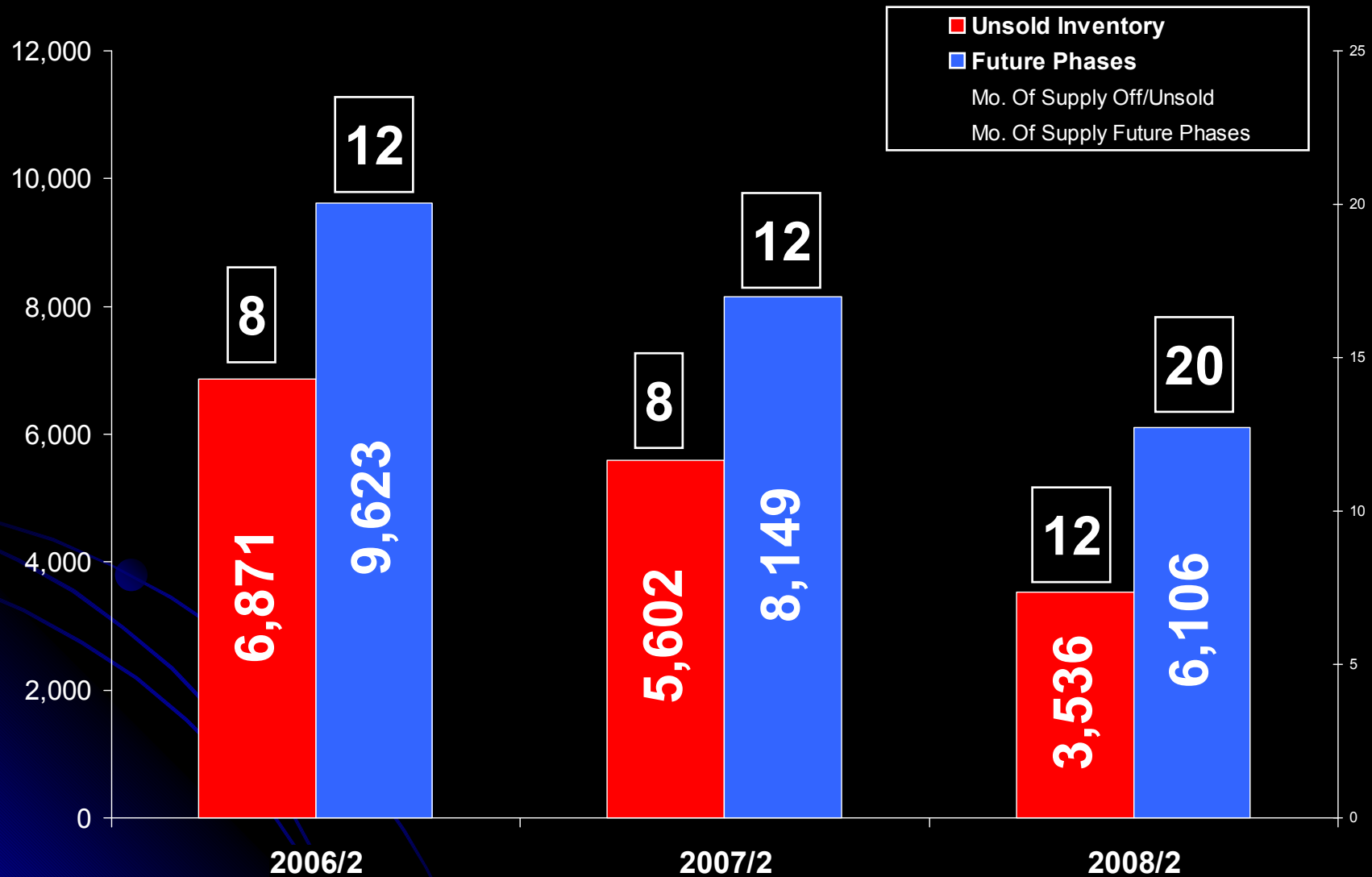


SD Residential Building Permits Issued Slowing

(Quarterly 2006/3 – 2008/3)

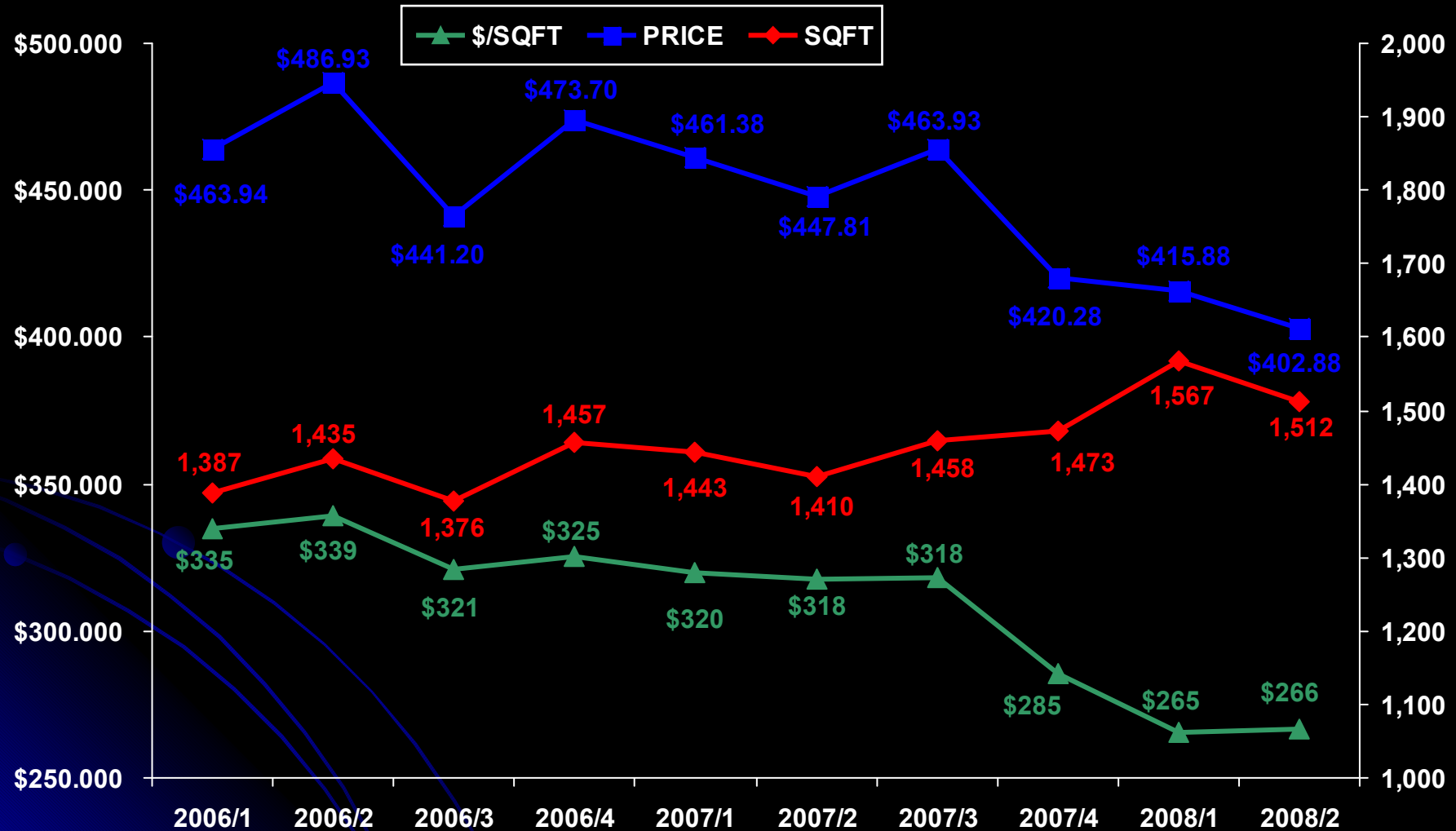


SD Inventory Shrinking & Months of Supply Increasing



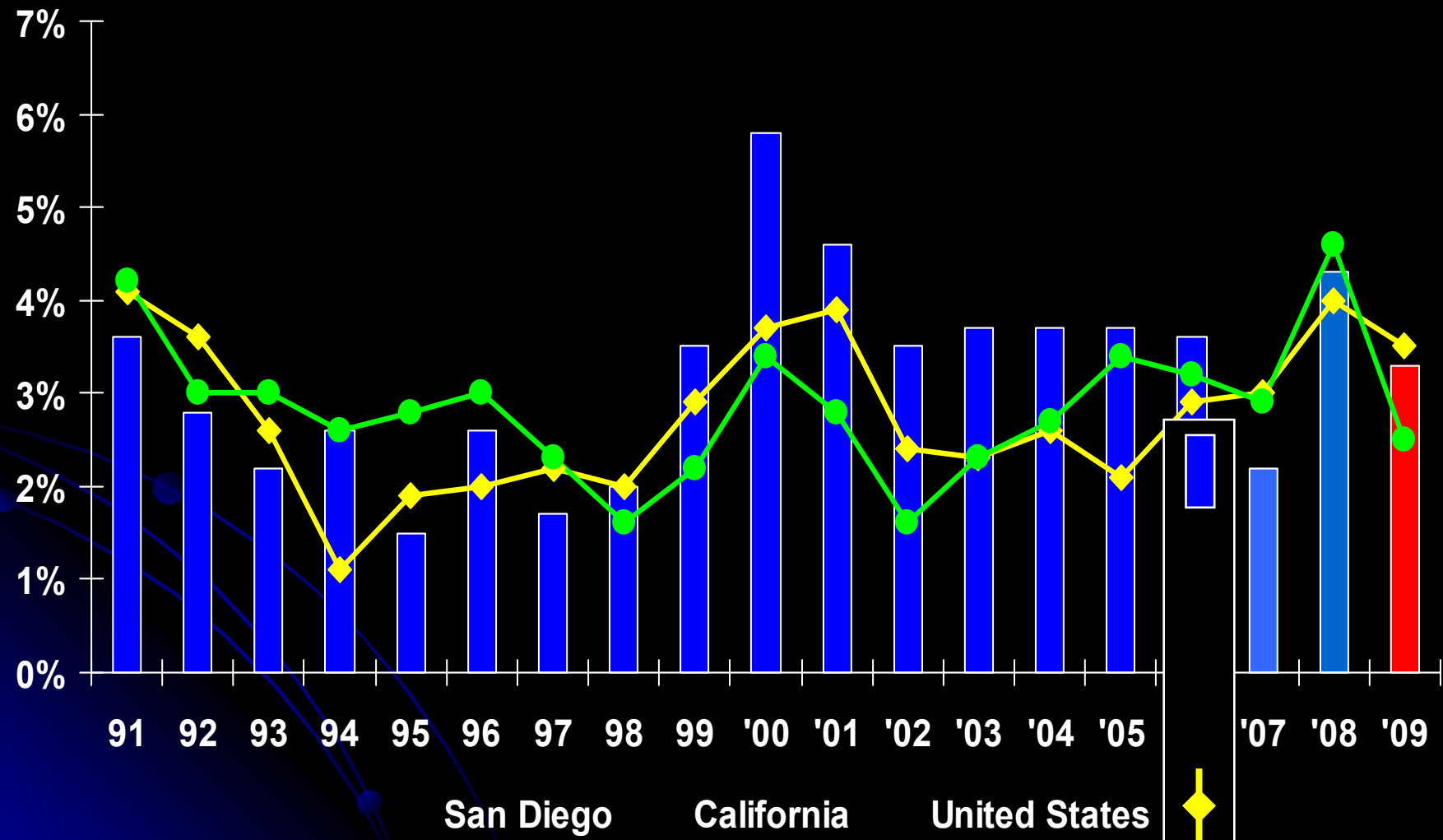
SD New Home Pricing Trends

Non Distressed Sales Single Family/ Townhomes/ Condominium



SD Outlook-Moderate Decline in Inflation

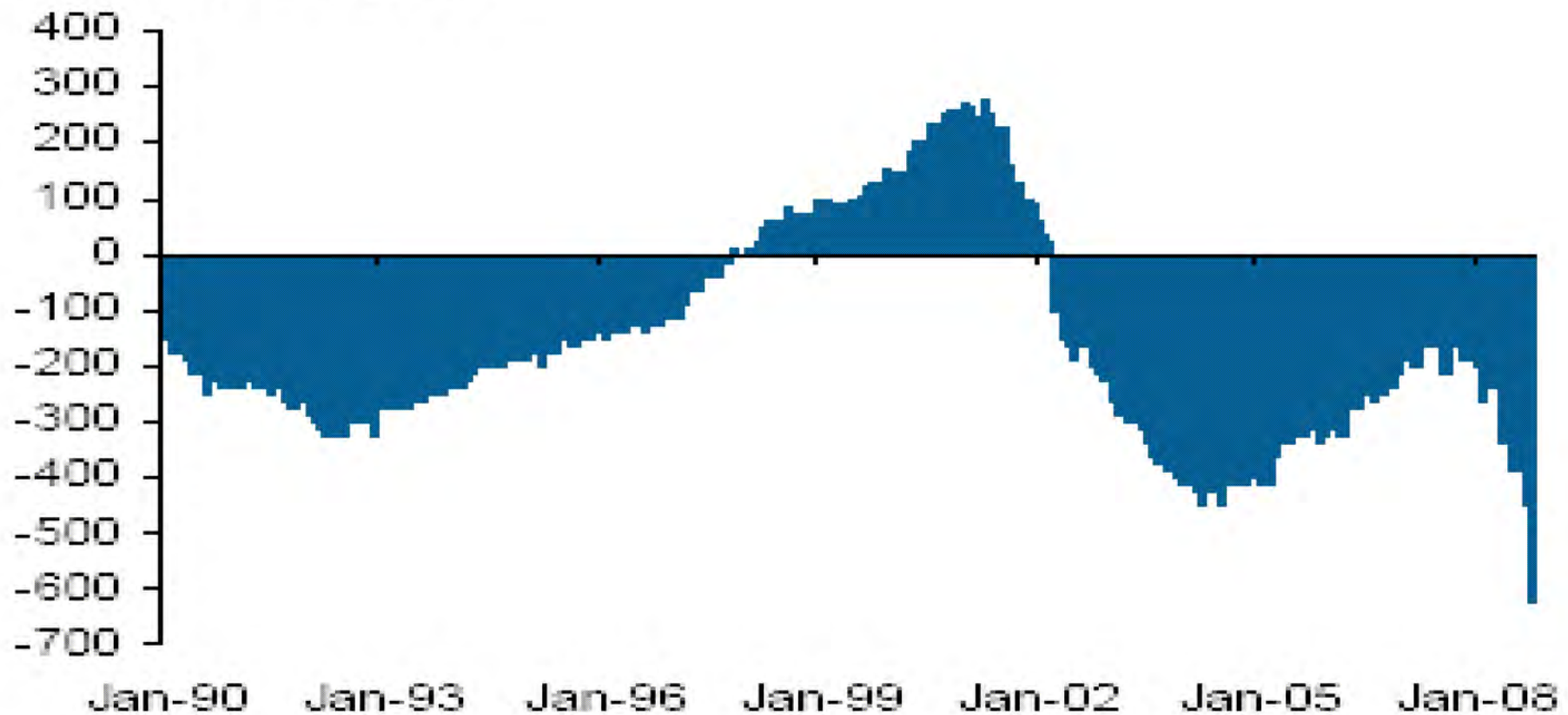
(Rate of Change in CPI-U)



US-Federal Budget Balance

Inflation Indicator?

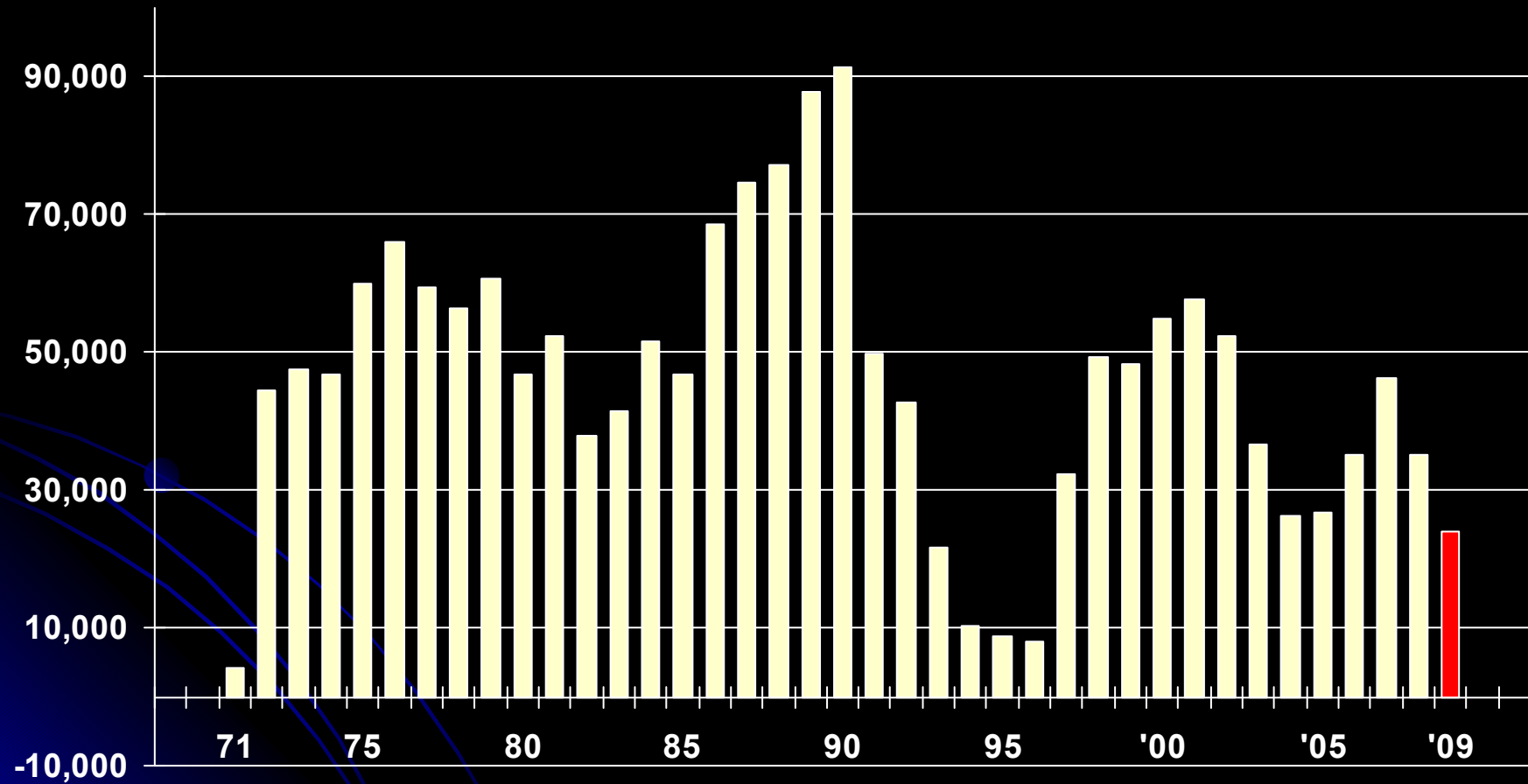
\$bn, 12m rolling sum



Source: Treasury.

SD Outlook-Population Growth will Slow

Annual Change in Population San Diego Region 1971-2009



2008-9 SD Outlook Summary

“Very Slow Growth-No Local Recession”

- Slow Job Growth
- U-Rate Up
- Lower Home Prices
- Reverse Wealth Effect
- Less VC Investment
- Less Inflation
- **Significant Risk**-Deep & Protracted National “R”





San Diego's 2008-9 Economic Outlook

**Marney Cox
Chief Economist
SANDAG**